

To: Governor
From: Buddy B.
Date: June 1, 2006

The Goldman, Sachs folks would like to know if you are interested in doing an op-ed piece related to next week's roundtable on savings. If you are, here is a draft; if not, I'll let them know

Hurricane Katrina served as a stark reminder to our state that, without the safety net of savings or home equity, families can all too easily sink into homelessness, poverty and dependence. Now is the moment for Mississippi to turn this situation to our advantage by supporting programs that help all our residents save, invest and own.

Katrina has given us the opportunity to enact new policies that help people prepare for unplanned catastrophes in their lives beyond storms, such as job loss or family illness, as well as positive investments such as higher education or the purchase of a home. Mississippi is a state working to increase assets through homeownership, the cornerstone of household wealth for most families. We are building on Mississippi's already strong homeownership rates -- 78.8% compared to 68.9% nationally -- but the extremely low rates in some areas of the state show that there's more work to be done. The recent designation of \$2 million [number to be updated] in federal HOME funds, and the issue of \$240 million in mortgage revenue

bonds by the Mississippi Home Corporation since December 1, 2005 are supporting home ownership for low- and moderate-income buyers.

Meanwhile, nonprofits like Enterprise Corporation of the Delta are doing their part to reverse alarming trends in the U.S. – disappearing personal savings, lack of assets and a broadening gap between the rich and the poor. They are working in partnership with federal and state programs to help Mississippi families move into homes and build financial nest eggs for their future.

Over the years, the federal government has consistently rewarded people with good jobs, homes and income available to invest, with tax breaks, preferential loans and savings plans. When disaster strikes, these people can draw upon their savings to help them survive and maintain their standard of living. Assets allow them to do this and assets are rewarded in our tax code.

Now is the time for us to actively build savings incentives. As families take on more responsibilities, assets provide the strong foundation necessary for rebuilding lives. It is quite simply unrealistic to assume that everyone can

deal with catastrophes without providing them with the opportunity and incentive to do so, so new solutions must be put in place.

On June 7, I, along with a core group of business, nonprofit and elected leaders, am participating in a roundtable hosted by the Global Markets Institute at Goldman Sachs and the Aspen Institute Initiative on Financial Security. We will discuss savings in America and the fact that in just two decades, the U.S. personal savings rate sank to zero. We'll be discussing fresh solutions that would help all our residents rebuild not just their homes, but their economic futures.

More savings could help reduce poverty and increase living standards, not only in Mississippi but throughout the country. As we pull together to help people affected by Hurricane Katrina rebuild their lives, it's also time for policy makers and the private sector to come together and begin repairing our economic infrastructure. I am committed to exploring new ways to help all Mississippi residents build a brighter economic future for our state.